

Message Text

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72

ACTION NEA-13

INFO OCT-01 ISO-00 SPC-03 SAM-01 AID-20 EB-11 NSC-10

RSC-01 CIEP-02 TRSE-00 SS-20 STR-08 OMB-01 CEA-02

INT-08 FEA-02 CIAE-00 COME-00 FRB-02 INR-10 NSAE-00

XMB-07 OPIC-12 LAB-06 SIL-01 DODE-00 PM-07 H-03 L-03

PA-04 PRS-01 USIA-15 DRC-01 /175 W

----- 082397

R 061745Z FEB 74

FM AMEMBASSY NEW DELHI

TO SECSTATE WASHDC 9542

INFO AMCONSUL BOMBAY

AMCONSUL CALCUTTA

AMCONSUL MADRAS

C O N F I D E N T I A L NEW DELHI 1861

E.O. 11652: GDS

TAGS: ENRG, IN

SUBJ: ENERGY: BUYOUT OF ESSO INDIA

1. NEFF, GENERAL MANAGER, ESSO INDIA AND VISITING VICE PRESIDENT FINDLEY CALLED ON CHARGE FEBRUARY 6 TO REPORT THAT ESSO WOULD SIGN A MEMORANDUM OF UNDERSTANDING WITH THE GOI FEBRUARY 7, WHILE THE FORMAL PARTICIPATION AGREEMENT WOULD BE SIGNED FEBRUARY 12. IN ADDITION TO THE PARTICIPATION AGREEMENT, A SEPARATE PROVISION WILL INCLUDE SUPPLY OF CRUDE AND DESCRIBE PRICES AND TRANSPORTATION COSTS. ESSO WOULD COMMIT ITSELF TO SUPPLY CRUDE AT THE SAME PRICE AS TO ITS OWN AFFILIATES WORLDWIDE. NEFF NOTED THAT ORIGINALLY THE GOI HAD WANTED AN INTERVAL OF SIX WEEKS BETWEEN THE MEMORANDUM OF UNDERSTANDING AND PARTICIPATION AGREEMENT. THIS PERIOD HAD BEEN REDUCED TO A FEW DAYS, FOR REASONS UNKNOWN TO NEFF.

2. NEFF COMMENTED THAT HE EXPECTED THAT THE DELIVERED
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PRICE OF CRUDE TO INDIA WOULD INCREASE AGAIN, PERHAPS

TO DOLS 9.50. THE PRESENT SITUATION WHEREBY COMPANY
CRUDE WAS SOLD AT DOLS 8.29 AND BUY BACK CRUDE AT ABOUT
DOLS 10.30 WAS UNTENABLE IN THE LARGER SUM AND A SINGLE
COMPROMISE PRICE WAS LIKELY.

3. ESSO HAD BEEN LOSING MONEY DOMESTICALLY DUE TO THE
GOI'S CURRENT RETAIL PRICE FREEZE. ESSO EXPECTED A RETAIL
PRICE INCREASE IMMEDIATELY AFTER THE UP ELECTION.

4. NEFF ASKED THAT ALL OF THE ABOVE INFORMATION BE
TIGHTLY HELD.
SCHNEIDER

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NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PETROLEUM INDUSTRY, AGREEMENTS, PETROLEUM, PRICES
Control Number: n/a
Copy: SINGLE
Draft Date: 06 FEB 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: golinofr
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974NEWDE01861
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: n/a
From: NEW DELHI
Handling Restrictions: n/a
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Office: ACTION NEA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
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Previous Handling Restrictions: n/a
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Review Event:
Review Exemptions: n/a
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Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

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Review Withdrawn Fields: n/a
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TAGS: ENRG, IN, ESSO
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005